

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes*

*Bill Leonard, Member
State Board of Equalization*

September 18, 2006

QUOTE OF THE WEEK

“There is no defense or security for any of us except in the highest intelligence and development of all.” --- Booker T. Washington September 18, 1895

AROUND THE STATE

*****Expertise and Bias*****

The Foundation for Taxpayer and Consumer Rights, another misnamed special interest group, is attacking Speaker Nunez for appointing a leader of the California Teachers' Association to the Stem Cell Research Citizens Financial Accountability and Oversight Committee. Their attack centers on the fact that John Hein is not an expert on stem cells. Given the unbelievable conflict of interests in the scientific research community, I think it is important that the appointee not be a stem cell expert, but instead be an expert in smelling out corruption. John Hein, who has always been a straight shooter on behalf of the teachers, is perfectly qualified to recognize financial abuses.

I compare it to the days when I served on the budget subcommittee on education. I am not a certificated teacher, but I could do the math and figure out that less and less money was getting to the classroom while more and more money was being diverted to administrators and consultants who never had any contact with students. Some considered me to be the skunk at the administrators' trough of money, but my duty was to the taxpayers and the students, not the bureaucrats. Best wishes to John Hein as he reviews the stem cell trough of money. It certainly is a target rich environment.

*****California's Electricity Rates *****

According to the latest published data by the Federal Department of Energy, California's electricity is close to being the most expensive in the nation. 2003 is that latest year where statistics are available. California consumers paid 12 cents per kilowatt/hour. This is behind only Hawaii's 16.73 cents and Vermont's 12.8 cents. The only states that paid above 10.2 cents are California, Alaska, Hawaii, and the New England states. At the other end of the spectrum, residents of Kentucky paid just 5.81 cents, Idaho 6.2 cents. To be fair, let's take a look at a state

that is comparable to California in its needs and economic dynamism -- like Florida. Floridians paid 8.55 cents compared to our 12. Texans paid just 9.16. The chart can be found here (scroll down):

<http://www.eia.doe.gov/neic/brochure/electricity/electricity.html>

The point is we are way above average. What is disturbing about this is that among the top tier of electricity cost, California is the only high-growth state. It is very simple; since the demand for power is increasing the downside is going to be much higher prices unless more power sources are built.

*****Major Typing Error*****

Last week I apologized for making a major math error in the September 5th issue: I added \$221 billion and \$192 billion and wrote that it was \$313 billion. Last week I pointed out that it should have been \$413 billion. Subsequently I discovered that my real error was not in the math but in my typing. Californians' payments to the IRS are actually \$121 billion, not \$221 billion. So my initial figure of \$313 billion in total taxes paid to the government was correct, although it did not appear to be so. It is still a huge transfer of private resources to government agencies no matter what.

*****9-11 and Us*****

Last week, the Inland Valley Daily Bulletin ran a feature on how the 9-11-01 attacks affected Inland Empire residents. One of those quoted is Janice Rutherford of my staff. As a city council member from Fontana, Janice was in Washington, D.C. that day and was stuck there for five more. In the article she is quoted, "You cannot destroy what this country stands for. You cannot destroy liberty.... You can injure us. You can murder our own people. You cannot destroy that ideal." These are thoughts that I agree with completely. But they are directed at the terrorists. There is another group that needs to be addressed --- and that is us. We will only win if we resist our foreign enemies, but we must also resist the enemy within. That enemy is our lack of resolve to wage this struggle and a lack of hope for a better future.

In the past, America has mostly fought in the style of the Greeks, which is all-out war. We are conditioned to believe that wars are supposed to have distinct endings, when the enemy's civilization is so ruined that they capitulate or face utter destruction. America still has the ability to bring nations to their knees, but the enemy now is not so much states and the societies that live under them, but rather a transnational impulse that is as ruthless as it is barbaric.

The problem is that this asymmetric, largely invisible war allows us to forget that it is being waged. The success in keeping the fight outside the U.S. only increases the temptation to dismiss the threat. The jihadists know we are strong militarily, but they think we are weak culturally -- and because of this they think they can ultimately win. We must fight them but also remain strong at home. This is not just a battle of arms, it is as much a battle of wills.

MISCELLANY

Ready for Disaster

The most recent terrorist threat to airlines has brought to the forefront the need to be prepared for disasters of all types. I recommend you visit this site:

<http://www.ready.gov/>

to help prepare yourself, your business and your children. The site walks you through the basics of preparing an emergency kit, creating family a communication plan and staying informed. I was particularly impressed by the section designed for children. It explains these steps in a child-friendly format and will support the education effort you as parents are undertaking without making your children unnecessarily afraid of everything. September is National Preparedness Month, so make a plan now for your family to explore this website and take the steps needed so that you can face the next disaster with equanimity.

California County History

Stanislaus County was created 1854 from portions of Tuolumne County. The word Stanislaus is a corruption of the name Estanislao (the Spanish rendition of Stanislaus, itself the Latin rendition of the name of an 11th century Catholic saint from Poland, St. Stanislaw), the baptismal name of a mission-educated Indian chief who led a band of Indians in a series of battles against Mexican troops. He was finally defeated by General Mariano G. Vallejo in 1826. The county is named for the Stanislaus River, first discovered by Gabriel Moraga in 1806, and later renamed Rio Estanislao for the Indian chief.

The first settlements in the area that became Stanislaus County were Spanish land grants in 1843 and 1844. Capt. John C. Fremont explored the area between March 27-April 1, 1844. After Governor Bigler signed Stanislaus County in law, the county held its first election on June 10, 1854. Voters selected Adamsville as the county seat by thirty votes over Empire City. On October 21, 1854 another election was held and the county seat was changed from Adamsville to Empire City by 29 votes. On December 20, 1855 yet another election moved the county seat from Empire City to La Grange by a vote of 558 to 139. Another election was held on September 4, 1861, but the county seat did not change that time. Voters kept it in La Grange, 422-393. That lasted until September 3, 1862 when another election moved the county seat from La Grange to Knights Ferry. Knights Ferry had only been in Stanislaus County for about two years. It had been annexed into the county via legislation sponsored by State Assemblyman Minor Walden. The county benefited financially from Knights Ferry which was a trading center for miners in that area. Then, on September 6, 1871 voters changed their mind again and Modesto was selected as the new county seat, earning 893 votes out of 1,329 ballots cast. That town grew dramatically when the Central Pacific Railroad built a station there on November 8, 1870. It was to have been named after a director of the railroad, William C. Ralston, but he declined the honorific. The station was instead named Modesto, the Spanish word for modest. After the arrival of the railroad, people moved their business into Modesto from nearby towns like Paradise, Tuolumne, Empire and Westport so that by February of 1871 Modesto had 75 buildings.

BOE AND LEGISLATIVE DATES

September 21, 2006 --- Free Tax Seminar for Nonprofit and Faith-based organizations in Fairfield/Vacaville. For more information/registration, go to:

<http://www.boe.ca.gov/sutax/nonprofitsched.htm>

September 27, 2006 --- BOE meets in Sacramento.

September 30, 2006 — Last day for Governor to sign or veto bills passed by the Legislature before September 1 and in his possession on or after September 1 (Art. IV, Sec.10(b)(2)).

October 5, 2006 --- Free Tax Seminar for Nonprofit and Faith-based organizations in Ontario/Chino. For more information/registration, go to:

<http://www.boe.ca.gov/sutax/nonprofitsched.htm>

October 9, 2006 --- First day absentee ballots will be mailed to those who have requested them.

October 9, 2006 --- Columbus Day.

October 11, 2006 --- Board of Equalization meets in Sacramento.

November 1, 2006 --- Last day to apply for an absentee ballot for the general election.

November 7, 2006 --- General election day.

November 15, 2006 --- Board of Equalization meets in Konocti Harbor.

NOTABLE DATES/ HISTORY

September 18, 1850 --- As part of the Compromise of 1850, the United States Congress passed the Fugitive Slave Law requiring officials in the North to help return runaway slaves to their owners in the South.

September 18, 1895 --- African American educator Booker T. Washington made his Atlanta Compromise speech, in which he encourages blacks to accept their inferior social position while working for economic self-reliance. (See quote of the week, supra.)

September 19, 1881 --- Tuskegee Institute under the leadership of African-American Republican Booker T. Washington, opened for classes.

September 19, 1959 --- Soviet leader Nikita Khrushchev, touring the United States, denounced the security restrictions that prevented him from visiting Disneyland.

September 20, 1884 --- At its convention in San Francisco, California, the Equal Rights Party, formed to advocate for women's rights, nominated Belva Ann Lockwood for president of the United States.

September 21, 1897 --- In response to a child's letter, the *New York Sun* published an editorial that began, "Yes, Virginia, there is a Santa Claus."

September 22, 1862 --- Republican President Abraham Lincoln issued the preliminary Emancipation Proclamation announcing his intention to declare on January 1, 1863 that all slaves in rebel states were to be free.

September 22, 1969 --- San Francisco Giants outfielder Willie Mays hit his 600th career home run, becoming the first National League player to do so.

September 22, 1991 --- The University of California made public the Dead Sea Scrolls.

September 23, 1952 --- California's U.S. Senator, Richard Nixon, then a candidate for vice president, answered charges that he used an improper expense fund in the nationally televised "Checkers" speech, in which he mentioned his family dog, Checkers.

September 24, 1957 --- Sparking criticism from Democrats, President Dwight Eisenhower deployed U.S. troops to Little Rock, AR to force Democrat Governor Orval Faubus to integrate public schools.

September 24, 1991 --- Theodor Seuss Geisel, writer of children's books under the pseudonym Dr. Seuss, died in La Jolla, California, at the age of 87.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

Bill Leonard, Member
State Board of Equalization, Second District
Email: bill.leonard@boe.ca.gov

Northern California Office:

400 Capitol Mall, Suite 2340

Sacramento, CA 95814
Telephone: (916) 445-2181
Fax: (916) 327-4003

Southern California Office:
4295 E. Jurupa Ave., Ste. 204
Ontario, CA 91761-1428
Telephone: (909) 937-6106
Fax: (909) 937-7044